BAJAJ
Bajaj Electricals Ltd.
Inspiring Trust

November 17, 2021

To,

BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	:	**Code No. 500031**
National Stock Exchange of India Limited Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	:	**BAJELEC - Series: EQ** **BAJ22 -Series C NCDs INE193E08012**

Dear Sir/Madam,

Sub.: Submission of the Transcript of the Q2FY22 Earnings Conference Call (i.e. Post Earnings / Quarterly Call) of Bajaj Electricals Limited (the "Company")

Further to our letter dated November 8, 2021, and pursuant to the provisions of Regulation 30 (read with clause 15 of Para A, Part A, Schedule III) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"SEBI Listing Regulations"**), we enclose herewith the transcript of the Q2FY22 Earnings Conference Call (i.e. Post Earnings/Quarterly Call), as organised by Ambit Capital Private Limited, on Friday, November 12, 2021 at 5:00 P.M. (IST), wherein, the financial results of the Company for the second quarter and half year ended September 30, 2021 were discussed.

We request you to take the above on record and the same be treated as compliance under the applicable provisions of the SEBI Listing Regulations.

Thanking you,

Yours Faithfully,
For Bajaj Electricals Limited

AJAY SURESH NAGLE
Digitally signed by AJAY SURESH NAGLE
Date: 2021.11.17 18:38:29 +05'30'

Ajay Nagle
Head of Department – Legal & Secretarial

Encl.: As above.

"Bajaj Electricals Limited 2QFY2022 Earnings Conference Call"

November 12, 2021

ANALYST:	**MR. DHRUV JAIN – AMBIT CAPITAL**
MANAGEMENT:	**MR. ANUJ PODDAR – EXECUTIVE DIRECTOR - BAJAJ ELECTRICALS LIMITED** **MR. E C PRASAD - CHIEF FINANCIAL OFFICER – BAJAJ ELECTRICALS LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the 2QFY2022 earnings conference call of Bajaj Electricals hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dhruv Jain from Ambit Capital. Thank you and over to you Sir!

Dhruv Jain: Thank you. Hello everyone. Welcome to the 2QFY2022 earnings call of Bajaj Electricals Limited. From the management side, today we have it of Mr. Anuj Poddar, the Executive Director of the company and Mr. E C Prasad, Chief Financial Officer of the company. Thank you and over to you Sir for your opinion remarks!

Anuj Poddar: Thank you, Dhruv. This is Anuj Poddar. Good evening everyone and thank you for joining us. Before I talk about our quarter performance, I would also like to point out what we have also prepared and shared an investor presentation this quarter based on the feedbacks that some of you have been sharing with us. So, I presume many of you already got access to that. Those who do not please make sure you get access to that, as that shares some insights beyond the financials, which typically many of you look for.

With that piece, let me quickly give some opening comments on the quarter performance. As we all know it is a very tough environment particularly because of the cost side pressures due to commodity cost increases in such an environment I am very pleased with our quarterly performance. Our consumer business has demonstrated very strong growth as to almost industry leading growth and we have also kept pace on the margin, so our margins are nearly flat compared to last year. We have not dropped margins despite the pressures on commodity because we made up through other cost initiatives. I will be happy to talk about details later.

Overall, therefore the consumer business is up 31% on revenues, and 22% on consumer EBIT. Our EPC has seen a shrinkage in total revenues but as you know we have been sharing for a while, that it is a planned reduction on billing. We have beenselective about contracts and building order book. So our revenue mix between consumer and EPC continues to be in the right direction and for current quarter revenue mix is about 79% to 80% in favor of consumers.

EPC continues to have a small loss but if you continue to look at that sequentially that loss remains contained to a small figure in this quarter. Year-on-year loss figure for EPC seems to show against the profit last year, but may I remind you last year Q2 had some one-time reversals and gains in the EPC business, which is why the YoY comparison of EPC bottomline is looking slightly weak.

Moving on, finance costs are coming down. PBT has improved. PAT continues to improve. Last two points I will make is on the balance sheet side. As always, we have remained very focused on improving our balance sheet. Our Cash Flow from Operations in this quarter has been 476

Crores, part of this has been due to vendor financing that we have introduced. Approx. 300 Crores comes from that but over 150 to 170 Crores comes from actual business operations.

All of this cash is almost entirely being used to repay debt, so we had a net debt reduction of 419 Crores this quarter which has significantly brought down our debt including debts that were acquired from Starlite. So, in all these parameters underlying message that I have for you, we remain consistent on our trajectory, strategically that we have been pointing out, growth in consumer, better risk management of EPC, maintaining margins in consumer business despite all the external challenges which means delivering better operational performance and continuously improved balance sheet every quarter.

Thank you for that. With that I will pass it on back to the moderator for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Renu Baid from IIFL. Please go ahead.

Renu Baid: Good evening. Congratulations for the results. I had a few questions. My first question is on the demand outlook. What would be your inputs in terms of how was the festive season offtake and post festive season have we seen the broad demand momentum continuing of the strong double-digit growth that we have seen YTD in terms of performance across segments and categories specifically appliances?

Anuj Poddar: Good evening Renu. Thank you. As you see in this quarter, we have delivered good growth which is obviously a function of market demand, but I would also say that the demand is not as buoyant as it was last year you know post the COVID wave in terms of bounce back. By that, what I mean is that last year those you know we were struggling to service demand, I think this year we are having to fight to create that demand. So, I just think it is a little harder demand to create that said we are seeing growth over the previous years. Even festive we have seen a little mix, September end which is post Ganesha Chaturthi etc., we saw a certain dip in demand, that only started picking up towards the second half of October, part of it could be due to Shrad period etc., but that is why it was a little early to see how to stay out. I would want to wait till November end to reach how much of that bounces back to what level. But overall, I remain optimistic. I think some of this is also reaction to inflation and price increases but as people start to become more sanguine about that and accept that I think we would start seeing demand come back. One last point I will make on this, I think there is a certain level of apprehension on the third wave that may be impacting sentiment slightly and I am nobody to say whether a third wave will happen or not medically, but I think in terms of economic disruption of any third wave will be minimal this time. I do not expect any significant disruption as that apprehension passes away or goes away. I do believe that sentiment will continue to improve in the next three four months we should start seeing good demand trends continuing.

Renu Baid: Right, because my question was from the perspective that last year, we had a very strong pent up so definitely catching up on the volumes itself will be a challenge so even if there is this average

15% price hike that we have taken across segments and categories so even if that delivers growth that could be reasonably commendable. So, do you at least see volumes being catch up to the previous year level so volume growth itself could be or coming back to the same level of volume itself could be a challenge in the second half?

Anuj Poddar: So, we have to wait and see as Q3 last year was a high base for the industry etc., but some of the high base was also propelled on account of stock out, you know that thing so I think somewhere there may be compensating effect. So, I do think volumes will hold out and therefore price increase should help deliver the overall revenue growth.

Renu Baid: I am sorry in the presentation you have highlighted that there is a market share gains witnessed across fans, appliances category so is it be possible for you to quantify in terms of over the last 12 or 18 months what is the quantum of market share gains that Bajaj Electricals have seen across some of the key consumer facing segments and categories?

Anuj Poddar: We do have certain data but like I have shared in the past, there is two or three sets of data that tend to have a certain amount of divergence. So rather than you know pay attention to the absolute number you look at the trend lines in each of these two or three sources of data that we track all of them are showing market share gains to us. The other proxy I use if you just look at a growth in the business in this quarter or over the last one two years as you said that is not the pace at which industry is growing. The industry I mean overall industry top three or four players are all gaining market share at the cost of overall industry. In a particular quarter including this quarter I think we also are on the top of the heap on those three or four players, but I do not expect that number one amongst all the players every quarter, but I do believe all of us are gaining market share from the longer tail.

Renu Baid: Lastly if we see the receivables movement that you have shown in the presentation of that almost 674 Crores on the power distribution side, how would be now your exposure towards UP and do you believe ahead of elections one can expect the payment or release of retentions to accelerate from that particular state?

Anuj Poddar: Broadly from what I remember about approx. Rs. 400 plus out of that Rs. 670 crores would be UP. Both UP and Non-UP are coming down so if you look at the trajectory of total receivables it is because both of them continue to collect. I would love to say last year on this also six months ago I expected 674 to be more because in terms of what is due what is the movement on ground, we expect more money to have come in sooner but ultimately that is the reality of dealing on the B2G business where there are timeline challenges on recovering the money, but we remain confident. Every month we will recover. Even this quarter Q3 also of course we have more recoveries. So, I will share that at the end of Q3. So, both are directionally moving well, and we are continuing to recover both UP and non-UP and the sizable visibility of that recovery continuing also. By sizable I mean in terms of numerical value also we have visibility on good recovery continuing.

Renu Baid: Overall I appreciate the extremely informative and detailed presentation that you put across. We hope this should be continued on a going concern basis thereafter.

Anuj Poddar: We will do that every quarter. I think that feedback is taken from all of you to have a presentation but then we wanted to also make sure we make it useful for all of you.

Renu Baid: Thanks. I will get back the queue with more questions later. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Gandoria from AlfAccurate Advisors. Please go ahead.

Nitin Gandoria: Thank you very much. Congratulations for a great set of numbers. Just wanted to understand on the consumer segment margin part so FY2021 our margins were around 9.8% so and this year we saw a margin led by RM so on a going ahead basis, how do you see the consumer segment margin and our guidance of improving margin by 100 basis points every year so can we see 11% kind of margin in FY2023 and then 12% kind of in 2024, something of that trajectory.

Anuj Poddar: Nitin, a few points according to me our consumer margin last year Q2 was 10.7% and this quarter is 10%. I do not know standalone because i have not been tracking standalone number. So, are we talking the same numbers?

Nitin Gandoria: I was saying FY2021 full year standalone numbers?

Anuj Poddar: 9.6%. So only thing i would say is full year in a COVID year, in which Q1 last year was distorted, I would rather compare three quarters this quarter-on-quarter because otherwise there is a lot of distortion coming in. That is point one. Point two, before I answer, full year numbers, this quarter we held 10% and that is after factoring Rs. 7 Crore additional overhead allocation. If that was not there you would be at 10.7% in this quarter itself. Point two is this is after absorbing the impact of commodity costs which has impacted gross margin, but we made up for that through other cost optimization improvements in our productivity and performance. We expect to continue to do that. Number three, to your question on a full year basis we have guided 1% as an expansion every year since the last two three years but you must also appreciate that we are well ahead of the curve on that so you will have to give us some breathing space on what and how we manage that if I keep saying do not hold our success against us. We remain committed to a larger guidance and we hope to keep delivering that. So, till we are ahead of the guidance, give us some leeway to also catch up.

Nitin Gandoria: Lastly Anuj on the EPC segment, this quarter also we have seen continued loss and you have guided that by FY2022 end will be ending with near zero kind of numbers so are we on track for the EPC loss becoming zero and how do you see this panning out?

Anuj Poddar: I would yet hold to that guidance that beyond this year we should not see any losses from EPC. I would like to say that beyond this quarter we would not but there has been a delay in Phase 3, you know mandate from UP project, had that started which was expected to start in Q1 right now we would have seen billing, margins would have come. So, we were waiting for phase 3 work to get allotted or quantifying for the UP that company had a better clarity, but I would yet hold true to my guidance that beyond this year we should not have losses from EPC.

Nitin Gandoria: Thank you.

Moderator: Thank you. The next question is from the lineup Mukesh Badane from Kotak Securities. Please go ahead.

Mukesh Badane: I wanted to ask that in terms of the margin guidance now since we are opening up so apart from the cost pressure we have some employee costs as in we will have some hiring of talent, we have some traveling cost, some branding cost, will be there, some A&P cost will be also there which was not done at COVID times, so what hit on the margins will this cost have, what is the sales mix shift in terms of the actual realization of the company from last year to this year, as in I am trying to assess whether we are able to sell higher margin items out of our total portfolio of items or not and any new high marketing categories which we are going to enter in the future or not? That is all.

Anuj Poddar: Mukesh thank you firstly on your cost question. We continue to invest in employees for example R&D or the other specialist employee base that we are having. We have been doing that over the last two years. We will continue to do that because. We believe that it will pay off. So, we will not be shy away from that, but despite that if you look at our trend lines on employee costs in terms of percentage of sales or any other metrics you will see that is continuing to improve and will continue to improve. Point three there are certain one-off cost, the employee costs that continue to come. In this quarter we have had certain exits from factory labor etc., for which we had one off payoffs and compensation that is also mentioned and quantified in the investor presentation. Some of those actions' will continue as the organization continues to evolve. So, we will continue to do that also. Lastly, on your other cost items such as travel etc., these have already started coming in Q2 also, they have come in Q3 and will continue, our advertisement publicity costs have been picking up. If I talk about this quarter compared to Q2 last year which is about 2% A&P spend this quarter was about 2.3%. But let me also remind you that Q3 typically has a maximum ad spends because that is our big season festive quarter etc., so you will see a sequential rise in Q3. So these are all costs that we will not shy away. These are productive costs that actually add value to the topline and the bottomline of the business, but our endeavor is to despite these respect regarding Q2 etc., keep absorbing these costs and find other avenues to optimize which is what we have been doing so we hope to deliver margins, despite these investments in cost. One last point I would share with you in terms of employee costs this year our increment has happened in October so we will see impact of the employee increment from October, which is in Q3, but I think we will yet absorb that in our margins. Coming to sales mix some of our growths that we see has happened because of sales mix improvement both in terms of premiumization and mix of products. If you look at mixer grinders, premiumization is not being more expensive but also upgrading various things. So, mixers for example we launched a 1000-watt mixer, in fans we are launching more products in the premium fans, which used to be completely absent earlier. Also, to look at a Morphy Richards portfolio that had not been growing for past few years but this year we have seen good growth including this quarter which I think is about 36% growth. So that is also leading growth. That premiumization strategy is out of the cost of our larger portfolio, so we are as much focusing on the overall portfolio. So, we expect to drive growth across all of them. In terms of market offtake, I am not personally seeing a great affinity of demand on A segment versus the other either geographically that is urban versus rural or premium selling more than you know non-premium etc., I am seeing that to be fairly universal or democratic in terms of how the trends across these different segments and geographies is there.

Mukesh Badane: What about any high margin categories are we going to enter or in existing category only new high margin products will be launched?

Anuj Poddar: So, there is no new category right now on the anvil, that we are going to talk about.

Mukesh Badane: Just one last question in terms of the demand trend and you just touched upon the demand for premium items and demand for mass or popular category items so are we seeing any shifts in trends right now in the urban landscape?

Anuj Poddar: No at least we are not seeing that. Yes, our growth of revenue from premium in percentage turned higher but that is also because we launched some more products as we had some white spaces there. So, if I flip it off that I am not seeing a trend where one or that segment is outscoring the others.

Moderator: Thank you. The next question is from the line of Mayank Bhandari from Nirmal Bang. Please go ahead.

Mayank Bhandari: Thanks for the opportunity question. Sir my first question is regarding your working capital, you highlighted that 300 Crores is due to the vendor financing in Q2, so Sir I mean how is the working capital situation changed because of this? Have your receivable positions gone down, or the creditor position has gone up like I cannot see it as a balance sheet, if you can help me understand that?

E C Prasad: Mayank if, your question has the receivables gone down?

Mayank Bhandari: Because of vendor financing, how has the receivables position changed because of vendor financing?

E C Prasad: No, receivables position has not changed. What has happened is we used to operate at 30-day credit with our vendors, which we have taken up to 120 days and helped them with a vendor finance with an understanding that the interest will be borne equally by the parties and this is an off-balance sheet (in banking parlance) so, for us so it does not get reflected as a borrowing in our in our books or returns. So, it is a vendor line of credit that we have created for them and taken up the vendor credits from 30 days to 120 days.

Mayank Bhandari: So, it does not impact the balance sheet line you are saying?

Anuj Poddar: At least it frees up cash for us right and that cash flows that we used to repay debts have brought down debt.

Mayank Bhandari: Second question is can you give the breakdown of 603 Crores of appliances in Q2 FY2022 maybe a rough estimate which are the major appliances in that?

Anuj Poddar: So, we do not break that down within appliances but of course the kitchen appliances are the dominant share in that for us. In kitchen appliance again led by mixer grinders etc. this is in Q2 and Q3 typically other domestic appliances such as water heaters, etc., start kicking in also from this year.

Mayank Bhandari: Lastly what would have been our market share in fans by now?

Anuj Poddar: We are number five ranked player. I think our rank has not changed but overall, our share is increasing. If I put that I think overall fans industry has grown at about 9% and we are going at 13% so that is the proxy for market share increase.

Mayank Bhandari: Thank you.

Moderator: Thank you. The next question is from the line of Amit Mahavar from Edelweiss. Please go ahead. It seems like we lost the connection for the current participant. The next question is from the line Yash Kothari from Citrus Advisors. Please go ahead.

Yash Kothari: Firstly, very good results. PPT was also very informative. My first question is any sort of demand outlook for the consumer products as in how do you see the whole consumer electrical industry growing and the outlook for the company's consumer products division growth?

Anuj Poddar: Thank you and I answered partly in response to Renu earlier on I think it has been a mixed trend on demand in terms of is it a completely universal flying off the shelves demand bounce back like it was last year and Q2, Q3 No. Which means we are having to fight for the demand and create the demand and make sure we are getting the demand our way, which we have delivered in Q2 we hope to do that in Q3 also, but at the same time I remain optimistic I think it is partly sentiment driven, sentiment a certain apprehension around a third wave of COVID and a little reaction to inflation and cost increases. I think next one or two months both aspects will start settling in and therefore the sentiment should continue to improve. So, if I look at it on a full year basis, I do think we will have a good demand trend ahead of us.

Yash Kothari: Any price hike that you intend to take for any of the segments or the product?

Anuj Poddar: Yes so, we have taken three to four rounds of price hikes in this calendar year. We do expect to take one round of price hike before the end of this calendar year, so whether in November or December we are deciding that right.

Yash Kothari: Thank you so much.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Indsec Securities & Finance Limited. Please go ahead.

Rakesh Roy: My first question regarding in Q2 how the demand scenario is going to roll out in other market specific to tier I and tier II cities?

Anuj Poddar: Rakesh, last year rural was outgrowing urban as rural was not impacted by COVID, this year we see demand in rural is almost same as urban which means they are both growing in tandem. We did see a little more if I say impacting them initial months but that is catching up, but it is not outgrowing urban right now.

Rakesh Roy: The next question any new product launching new features or which segments? New product launches Sir, in Q3 or Q4 or next year?

Anuj Poddar: So, if you see my investor presentation, we have shared the recent launches, future launches as and when we do, we will obviously announce that but we do not announce that in advance but we will keep launching every quarter new products as we have been doing. Many of them I do not mind mentioning two of them because that is not covered in the deck, but we launched that in this quarter, which is water heater and water heaters we are playing on safety, so that is a key concern from our market insight. So, we have launched two water heaters. The campaign is on air right now. One is on child safety to prevent heating and the other auto shut off to prevent energy loss and overheating of the water heaters. These are already launched, but we continue to have more new launches.

Rakesh Roy: Any plan to launch new premium fans in Q4 or Q3, for Q1, the new season starts Sir.

Anuj Poddar: So, we will be giving those details in the coming couple of months.

Rakesh Roy: Thank you Sir. That is all from my side.

Moderator: Thank you. The next question is from the line of Bhargav Budhadev from Kotak Mutual Fund. Please go ahead.

Bhargav Budhadev: Congratulations for a very good set of performance and a very detailed presentation. My first question is that in your table I see about 674 Crores from power distributions assuming this entire amount gets cashed in, will there be a provision write back as well because you will have provided on this amount as well?

Anuj Poddar: We can answer but as far as I understand this is net of all provisions. So, this is net of the provisions.

E C Prasad: Our provision for bad and doubtful debt stands at 147 Crores at a Company level, but this 674 Crores that you are referring to for PD is the net off the provisions that we have made.

Bhargav Budhadev: My second question is in extension of Mayank's question. So, when I look at your cash flow statement, there is a mention of 300 Crores vendor financing, so the acceptances should not have gone up by 300 Crores, ideally?

Anuj Poddar: It is a part of other financial liabilities.

Bhargav Budhadev: So, in the cash flow statement we can see that is it? Ideally if you are mentioning a release 300 Crores odd in your working capital, it is a funded release right, it is a release from your operation. You have borrowed money to pay your creditor. So ideally it should get reflected in your cash flow statement?

Anuj Poddar: Give us a minute we are just pulling out the numbers. If there are any other questions, we will come back to you . I think we can go back and answer the last question, Bhargav's question

E C Prasad: If you can pull up the cash flow it is a part of that increase in trade payable, provision, employee benefit, other financial liabilities. It is a part of that. 246.17 Crores.

Bhargav Budhadev: No problem. I am done from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Koundinya Nimmagadda from JM Financial. Please go ahead.

Koundinya N: Thanks for the opportunity. Can you quantify the extent of price hike that you took the calendar year? You said that you took 3%, 4%, can you quantify them and what are the significant categories?

Anuj Poddar: It has been across categories to just generalize to give you a range, it has been between 12% and 15% across the categories in about three to four rounds.

Koundinya N: You did allude to the fact that you are planning more price hikes in November and December and at the same time you also confirmed that you know, you passed a comment that the price hikes may have an impact on demand, so how you try to streamline between these, balance between these two and what is your outlook on that?

Anuj Poddar: Of course, that is what we have to always keep trying to have a good judgement on demand elasticity, margins versus total trade-offs and operating leverage on that. We do think we need to take one more price hike, most likely within this quarter, but it will not be across all categories, but will definitely be across about 70% to 80% percent of our product portfolio. Timing of that, the exact quantum of that, we will decide closer to the timing of taking the hike.

Koundinya N: Can you comment a little bit about you know how the water heaters in this market are faring down the current season and what is the competitive intensity like?

Anuj Poddar: On competitive intensity, I will tell you there is never an easy day, across all our product categories in the FMEG, in the last whatever six eight quarters that I have been seeing it, competitive intensities only been increasing so that remains. So, you know that is not something we are scared of. We continue to deal with that on ongoing basis. Water heaters is no exception, but we have been leaders. Last year also we were very competitive, but we did very well in water heaters, and I believe that should continue, this year also. We are just at the start of the water heater season right now and winter is just starting to kick in, so we are starting to see the initial trends of demand on water heaters.

Koundinya N: The reason why I am asking specifically asking about water heaters is because one of your competitors has mentioned that because most players that have air coolers, and also have water heaters as an alternate category and with two consequent years of lockdowns in the summer season the competitive intensity has gone up in water heaters thereby it is taking place to take price extra, I was trying conducting from that perspective if they has heightened it further?

Anuj Poddar: But actually, if you see the leading players of air coolers are not necessarily the leaders in water heaters, so they are not well it is seen as an alternative thing I think they are two separate set of leadership for market share the packing order in both of these industries and I do not think there is a direct correlation between air cooler and water heater performance. Having said that yes to your point water heater has its share of competition both new and established players coming in but that is something we remain conscious of and determined to continue to maintain our leadership in water heater, last year was no different. This year will be no different.

Koundinya N: That is, it from my end. Thank you very much. All the best.

Moderator: Thank you. The next question is from the line of Amit Mahavar from Edelweiss. Please go ahead.

Amit Mahavar: Thank you. Anuj I just have one question. If you see the category that we have in terms of appliances we still have a good headroom to cover in terms of total market size if you see you know which is more than maybe $2 billion alone in kitchen. So, in terms of capital allocation how should we think about it in the next two three years? Will we focus more on the current categories where we will have revenue market share, or we will focus on some new categories all together? So, if you can help around capital allocation because balance sheet wise, it seems we are seemingly on track well on track if you see last couple of quarters but in terms of next three to five years, we will still generate a lot of cash, so we just wanted that color on capital allocation? Thank you.

Anuj Poddar: Amit you answered the product question separately from a capital allocation question and I have said this in the past that we will not diversify into categories for the sake of diversifying, in terms of what is established or looking growth because anything we diversify into we have to believe that we will be leading player, in the top three player, we have the competitive USPs to up make sure we remain or become a top three player there. Number two my criteria there is we will not compromise on strong double-digit growth, as we demonstrated without too many diversifications over the last two to 10 quarters, we continue to deliver strong double-digit growth in our consumer business so that is something we are committed to you. Now where does that growth come from? Does it come from increasing market share in our existing categories? Does it come from adding certain white spaces in terms of segments within our categories? Does it come from you know certain geographies which were traditionally weak that we can focus upon or does it come from adjacent categories or does it come from new categories? So maybe the overall five dimensions from which this double-digit growth comes from. All of these I would focus on this in exactly the sequence that I mentioned that unless I think the first two, three, four dimensions of driving strong growth are not there, I would want to focus on that rather than be distracted by new categories for the sake of it because I believe there is enough room to grow in this. That said we are not what do I say we do not have an aversion to new categories but that has to cross our filter of making sure we are leaders in the long run. Otherwise after two or three years we do not want to become or remain a laggard in any new categories that we introduce. Linking this to a question on capital allocation I think like you said our balance sheet given the trajectory that we are on we will another year to 18 months from now flip over to having surplus capital and we do have a certain intent in directional time; however, we will continue to use that capital judiciously and we will use that to our competitive advantage, again that will not be new categories, so there are many ways to use that capital to add value to us stronger growth, let me just leave it at that right now.

Amit Mahavar: Thank you Anuj and good luck with entire team.

Moderator: Thank you. The next question is from the line of Nitin Gandoria from AlfAccurate Advisors. Please go ahead.

Nitin Gandoria: Thank you again for the opportunity. Firstly, we wanted to understand within our consumer segment so in the key product markets like lighting, fan, within appliances also key product categories, what would be our market standing or market positioning in terms of say if you have the market share numbers on hand or a market ranking and how has it improved over the last one year?

Anuj Poddar: Appliances we are number one if you take it across the board and within that many of the products, we are number one. Fans, like I said earlier, we are probably number five player. Lighting is a very commoditized industry with multiple players, but we are close to number five in B2C space. The way we are seeing lighting and what we are reporting is slightly different from others because I think that you see the consumer lighting, many others combined lighting so if we add our illumination segment which is the B2B and B2G lighting similarly, we are seeing lighting jump and overall combine lighting, we would be No 2 or 3.,. Sorry just to add to that one point. I think what is becoming more and more commoditized or crowded or fragmented is the B2C or consumer lighting but the B2B, B2G project driven lighting is a far more specialist feed yet and that is why we have been growing share and expect to continue to focus so we expect more and more margins also to come from that part of the business.

Nitin Gandoria: Within appliances if you can segment what are the major categories where we are leaders, mixer I know off or any other category where we are positioned well?

Anuj Poddar: You see the largest categories where we are number one is mixer grinders followed by water heaters followed by iron.

Nitin Gandoria: Has there been any impacts from competitors entering into each other category or adjacent categories over the last 12 years, you know heightened competition has never had any impact for us or do you see going ahead any of it?

Anuj Poddar: Yes there has been impacts and clearly we have seen competition increase over the last few years in appliances but we have been seeing that consistently over the many years so I do not think last few years are unique in terms of other players who have been coming in previous years and last few years we have reached there, so there is also a certain amount of churn in that but that said competitive intensity is very high but the numbers that you are seeing despite that or factoring that we remain confident of holding your leadership in appliances.

Nitin Gandoria: We had a policy of outsourced manufacturing, most of our manufacturing is outsourced so going ahead we will be having surplus capital in hand so for the categories that we have market leaders, are we looking to add manufacturing capabilities to have more cost control or any of this thing?

Anuj Poddar: So, I do not think structurally we will change. We will continue to have a mix of outsourced which will remain majority of our sourcing and we will add in-house manufacturing, but if you look at our overall revenue growth, in the last couple of years including this quarter, it is on back of further capacity increase that we have done in-house as well as further purchase from outside so while I say we are not shifting from outsource in house, we are actually in consistently adding capacity in-house, across fans and appliances. Lighting is the only area where we have not been adding capacity in-house. In terms of going forward also our decision on adding manufacturing will not be driven by capital but will be driven by whatever cost of quality or strategic advantage of doing that. So, it will be available even today available for that, but it will be driven more by operational consideration.

Nitin Gandoria: Currently, our in-house versus outsourced mix would be what versus last year?

Anuj Poddar: It would be 18% in-house and rest is outside and that will differ from quarter-on-quarter based on which products the seasonality is there.

Nitin Gandoria: Just lastly on the distribution part so we have the largest distribution footprint in India amongst all consumer companies so are we looking to increase our distribution footprint? What is it currently in terms of retail touch points or pincode covered and you know is there any scope to expand this further?

Anuj Poddar: If you take 2.3 lakh the total number of retail counters is closer to about 2.3 lakhs right now, but our focus is not to expand that footprint as much as increase our counter share. So, a lot of our growth has been coming from increasing our counter share because my belief has been that reach, we are very good, but we are not monetizing that reach very much so that is what we have been doing. Number two within that also given our urban rural mix, I think our marginal potential to grow urban was much greater than many of competition. So, our focus on growing our urban share is higher than many other players. Number three within this we are looking at more geographical perspective, where are we weaker so we do have pockets in that kind of fix. In terms of your point on pin codes etc., we service about 16000 pin codes, I do not remember off hand how many pin codes we sell through, but I do not think that will be less that will only be higher than this.

Nitin Gandoria: Thank you Anuj. All the best.

Moderator: Thank you. As there are no further questions, I now hand the conference over the management for their closing comments. Over to you Sir!

Anuj Poddar: Once again I will wrap up with saying similar to what I said opening remarks. It has been a tough environment, but we are happy to have delivered strong numbers despite the tough environment. This is again a function of the new Bajaj Electricals that we have been building out. It is a far more resilient, agile, and dynamic organization and more competitive and that said even our financial metrics continue to improve like we have been seeing. We have held on to margins despite pressures on costs by actually improving other productivity efficiency items. We will continue to do that and on a balance sheet and other perspective we remain on track to actually continue enhance. Last year EPC business and then a trajectory there continues. I am confident that beyond this year we should not have losses in EPC business. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Ambit Capital that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.